

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. G 02-27
)	
Progressive Casualty Insurance Company)	
Progressive Specialty Insurance Company)	
Progressive Preferred Insurance Company)	FINDINGS, CONCLUSIONS, AND
Halcyon Insurance Company)	
Progressive American Insurance Company)	
Progressive Northern Insurance Company)	ORDER ADOPTING REPORT
Progressive Classic Insurance Company)	
Progressive Northwestern Insurance)	OF
Company)	
Progressive West Insurance Company,)	
Authorized Insurers)	MARKET CONDUCT EXAMINATION

BACKGROUND

An examination of the market conduct of Progressive Casualty Insurance Company, Progressive Specialty Insurance Company, Progressive Preferred Insurance Company, Halcyon Insurance Company, Progressive American Insurance Company, Progressive Northern Insurance Company, Progressive Classic Insurance Company, Progressive Northwestern Insurance Company, and Progressive West Insurance Company (the Companies) as of January 31, 2001, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies hold Washington certificates of authority as stock insurers. They are domiciled in Ohio, Delaware, Wisconsin, Washington, and California, respectively. This examination was conducted

Progressive Casualty Insurance Company
Progressive Northern Insurance Company
Progressive Specialty Insurance Company
Progressive Preferred Insurance Company
Progressive Northwestern Insurance Company
Progressive American Insurance Company
Progressive Classic Insurance Company
Progressive West Insurance Company
Halcyon Insurance Company

2/28/2003

in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and recommendations was transmitted to the Companies for comments on July 26, 2002. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Companies.

Subject to the right of the Companies to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 38 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Progressive Casualty Insurance Company, Progressive Specialty Insurance Company, Progressive Preferred Insurance Company, Halcyon Insurance Company, Progressive American Insurance Company, Progressive Northern Insurance Company, Progressive Classic Insurance Company, Progressive Northwestern Insurance Company, and Progressive West Insurance Company**, and to order the Companies to take the actions described in the Instructions, and Recommendations sections of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on page 25.

1. The Companies are ordered to identify the Companies' home office or principal office location on advertising to ensure compliance with RCW 48.30.050. (Instruction 1, Page 25)
2. The Companies are ordered to comply with RCW 48.30.040 and WAC 284.30.660 and remove all advertising statements from the Website and all other publications that are likely to mislead the consumer, or cannot be supported with documentation that represents this state's population for statistical data. (Instruction 2, Page 25)
3. The Companies are ordered to establish procedures that ensure compliance with RCW 48.05.190(1) and that all policy quotes, policy documents and all correspondence correctly identify the legal name of the insuring Companies. (Instruction 3, Page 25)
4. The Companies are ordered to establish procedures to comply with RCW 46.52.130 that ensure personal driving records are not used to rate commercial policies except where permitted by the law. (Instruction 4, Page 25)
5. The Companies are ordered to file and obtain approval for all forms not exempt under RCW 48.18.103 as required by RCW 48.18.100(1). (Instruction 5, Page 25)
6. The Companies are ordered to establish procedures to comply with RCW 48.19.040(6) regarding filings, rating plans and application of approved rates. (Instruction 6, Page 25)
7. The Companies are ordered to comply with RCW 48.22.095 and include all statutory benefits in all PIP filings. (Instruction 7, Page 25)
8. The Companies are ordered to comply with RCW 48.18.140 to ensure that all forms that make up a policy are identified on the declarations page. The Companies are further ordered to ensure that the policy identifies coverage limits. (Instruction 8, Page 25)
9. The Companies are ordered to comply with RCW 48.18.190 and re-file any PIP forms that do not contain the coverage limits and categories of benefits as required by statute. (Instruction 9, Page 25)

10. The Companies are ordered to establish procedures to ensure that every commercial policy eligible for schedule rating is included, and that documentation supports compliance with WAC 284-24-100. (Instruction 10, Page 25)
11. The Companies are ordered to comply with WAC 284-30-330(9) and identify the coverage under which a payment is made to insureds or beneficiaries. (Instruction 11, Page 25)
12. The Companies are ordered to comply with WAC 284-30-390 and use only those vehicles that have been verified as comparable to the total loss vehicle, and use only vehicles in the local market area when establishing the market value. The Companies are further ordered to obtain firm salvage bids instead of estimated salvage values. (Instruction 12, Page 25)

IT IS FURTHER ORDERED THAT, the Company file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Tumwater, Washington, this 26th day of September, 2002.

MIKE KREIDLER
Insurance Commissioner